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## Russian Federation

### Oilseeds and Products

### September Monthly Update

### 2008

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**Report Highlights:**

According to Rosstat, total Russian land devoted to oilseeds was 7.78 million hectares in 2008, a 13% increase from last year. Sunflower seeds were planted on 6.17 million hectares, and given good weather, sunflower seed production this year is forecast at 6.65 MMT. Soybeans were planted on 751,000 hectares, a 3.5% decrease from 2007, and rapeseed was planted on 699,000 hectares, a 6% increase from last year. Given normal weather conditions in September, production of soybeans and rapeseed is expected to reach 660,000 and 750,000 MT, respectively.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Trade Report  
Moscow [RS1]  
[RS]

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## Executive Summary

Post increased its production forecast for major oilseeds<sup>1</sup> to 8.06 million metric tons (MMT) from an earlier estimate of 7.53 MMT. The forecast is based on the Russian State Statistical Service's (Rosstat) preliminary data on sown area. Total area sown with oilseeds is 7.78 million hectares. Sunflower seeds were sown on 6.17 million hectares, a 16.5% increase from last year. Soybeans covered 751,000 hectares, a 3.5% decrease from 2007, and rapeseed accounted for 699,000 hectares, a 6% increase from last year. Other oilseed crops were sown on 152,000 hectares, an 11% decrease from last year.

Post forecasts production of sunflower seeds at 6.65 MMT. Given good weather, soybean production may reach 660,000 MT, and rapeseed production may total 750,000 MT. In fall 2008 sunflower seed prices will be lower than last year. Prices may stimulate sunflower seed exports, spurring an increase to 100,000 MT in MY 2008 from 35,000 MT in MY 2007. Higher demand in the European Union is expected to increase rapeseed exports to 85,000 MT in MY 2008 from 50,000 MT in MY 2007. Sunflower seed and rapeseed imports will remain low, while growing domestic demand for soybean meal and increasing soybean crushing capacity will increase soybean imports. They are expected to rise from 395,000 MT in MY 2007 to 410,000 MT in MY 2008.

## Sown Area for 2008 Crop and Production Forecast

Rosstat issued preliminary spring data on area sown with oilseeds. The total area with oilseeds is 7,775,000 hectares, and the three major oilseed crops - sunflower seed, soybean, and rapeseed - account for more than 98% of the total. Russia's production of these crops is forecast to be 8.06 MMT in 2008, a 17% increase from 2007. The forecast is based on official data regarding the area sown with these major oilseeds. The area devoted to sunflower seeds increased 16.5% from last year, totaling 6,173,000 hectares. The previous historic maximum was 6,169,000 hectares in 2006. Sown area increased in all Federal Districts, but the largest increases were in the Volga Valley Federal District and in the Siberian Federal Districts. Yields in these territories are lower than in the Southern Federal Districts, and farmers increased sown area to include less fertile soil. However, the country's average yield will be higher than last year due to improved agricultural technology and favorable weather. Post estimates that the sunflower seed crop will reach 6.65 MMT in 2008, a 17.5% increase from last year and notably higher than the 2004 record of 6.44 MMT.

Area planted to soybeans decreased 3.5% to 751,000 hectares in 2008. The decrease was due primarily to an almost 200% decrease in soybean area from 146,000 hectares to 84,000 hectares in Krasnodar Kray (part of the Southern Federal District). Area sown to soybeans increased almost 50,000 hectares to 552,000 hectares in the Far East, a traditional soy-growing region. Given normal weather in this area, Russian soybean yields may be slightly higher than average. Total production is forecast to be 660,000 MT, an increase from 600,000 MT in 2007.

Rapeseed sown area has steadily increased from 134,000 hectares in 2001 to 699,000 hectares in 2008, a 6% increase from 2007. In 2008 winter rapeseed area was 146,000 hectares, a 3% decrease from 2007, while spring area was 553,000 hectares, a 9% increase from last year. Along with growing demand for rapeseed both for meal and oil, farmers have improved their planting seeds and technology. Rapeseed production is forecast at 750,000 MT, an almost 19% increase from last year.

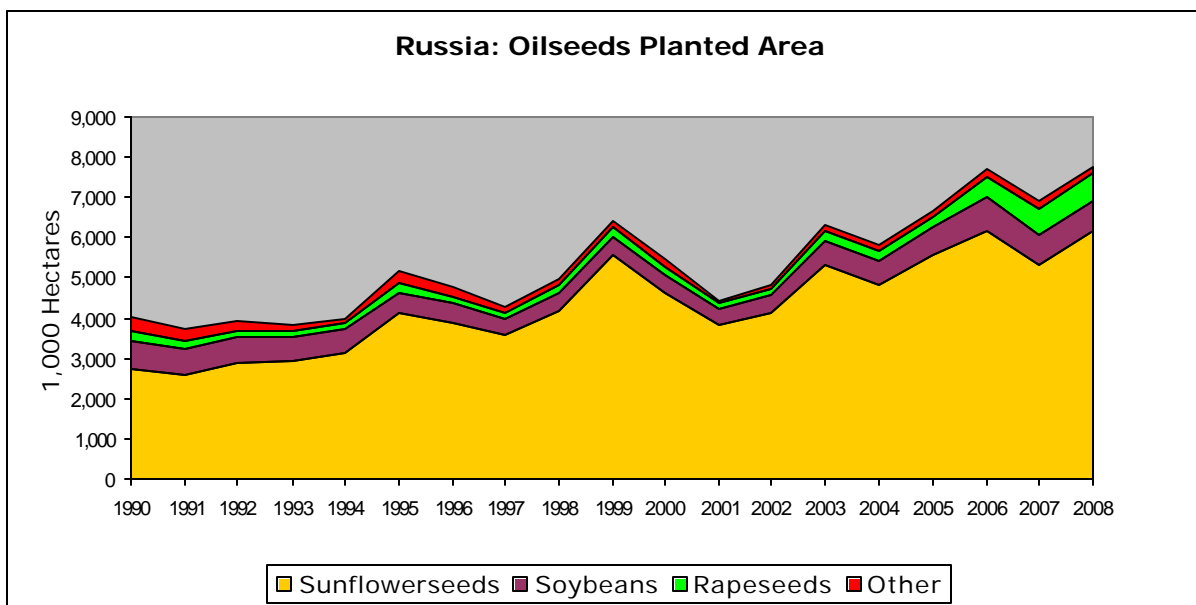
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<sup>1</sup> Including sunflower seed, soybean, and rapeseed.

Area sown with other oilseed crops is approximately 152,000 hectares, and remains close to the average over the last five years of 159,000 hectares.

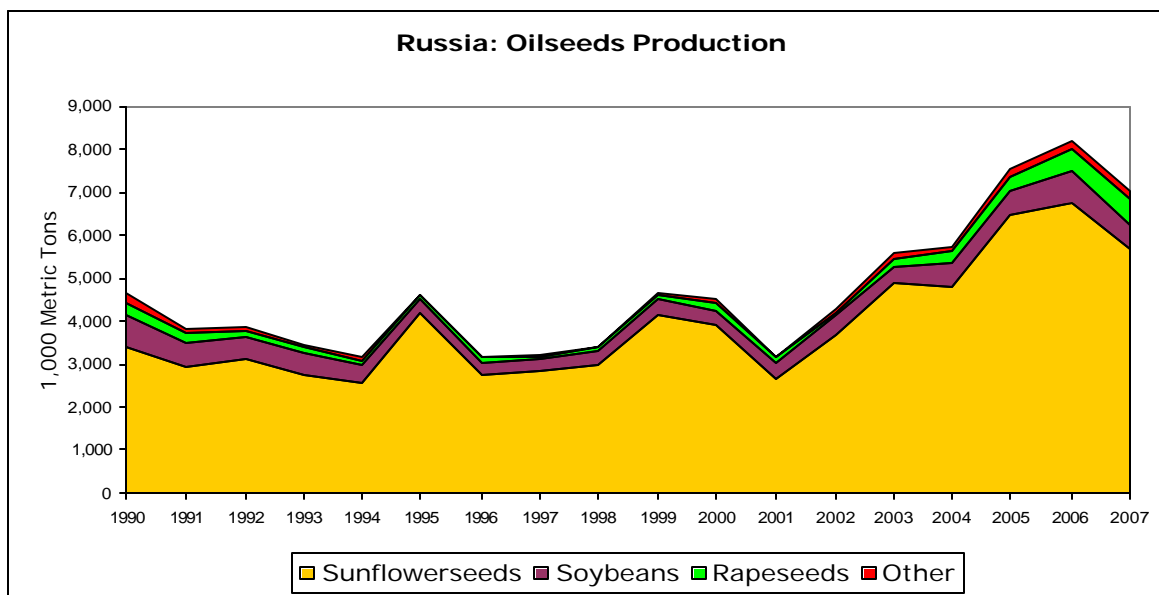
Over the last 18 years, oilseed production in Russia has been growing along with sown area. Sunflower seed remains the major oilseeds crop (Graphs 1, 2).

**Graph 1. Russia: Oilseeds Planted Area, 1990-2008, 1,000 Hectares**



Source: Rosstat, SovEcon

**Graph 2. Russia: Oilseeds Production, 1990-2007, 1,000 Metric Tons**



Source: Rosstat, SovEcon

Table 1. Russia: Sunflowerseeds Planted Area, Total and Major Producing Territories, 1,000 HA

	2002	2003	2004	2005	2006	2007	2008 (prelim.)
<b>Russia</b>	4,117	5,337	4,848	5,546	6,169	5,300	6,173
Including:							
Voronezh Oblast	349	431	403	437	453	396	456
Volgograd Oblast	447	642	532	658	740	646	695
Saratov Oblast	448	536	445	589	719	668	760
Krasnodar Kray	424	567	475	574	546	448	544
Stavropol Kray	223	280	247	274	312	235	247
Rostov Oblast	809	1,086	1,024	1,164	1,328	1,239	1,281
Orenburg Oblast	241	265	331	350	431	310	425
Altay Kray	236	336	338	361	454	364	443

Source: SovEcon

## Trade

Sunflower seed imports will only come from neighboring CIS countries and will not exceed 10,000 MT. Given decreasing sunflower seed prices in Russia and positive crop forecasts, Russian traders may increase sunflower seed exports from 35,000 MT in MY 2007 to 100,000 MT in MY 2008. Soybean imports are forecast to increase to 410,000 MT in MY 2008 from an estimated 395,000 MT in MY 2007.

From September 2007 to July 2008, Russia imported 389,000 MT of soybeans, including over 263,000 MT from Brazil, 47,300 MT from Germany, 33,000 MT from Ukraine, and 27,000 MT from Uruguay. Total Russian imports in MY 2007 were an estimated 395,000 MT. As Russia demands an increasing amount of soybeans for protein meal and vegetable oil, Post expects soybean imports to increase to 410,000 MT in 2008. Demand for soybeans at the expanding soybean crushing plant in Kaliningrad will also drive up imports.

## Prices

Domestic trade in sunflower seeds stopped by the beginning of August 2008. At this time farmers and crushers are typically cleaning their facilities for the next crop. Sunflower seed oil prices continue to decrease, reflecting the weakening demand among crushers for oilseeds. Given a good crop forecast, sunflower seed prices are expected to decrease further in fall 2008.

**Table 1. Russia: Prices of Sunflower Seeds and Sunflower Seed Oil, EXW, European Russia**

	Jun 06	Jun 20	Jun 27	Jul 11	Jul 25	Aug 01	Aug 08	Aug 15
Rubles per MT								
Sunflowerseeds	18,555	17,945	17,500	16,720	14,915	14,250	-	-
Sunflowerseeds oil, crude, non refined	46,625	46,540	46,250	44,530	40,700	39,425	37,350	37,125
USD per MT								
Sunflowerseeds	789	761	748	720	639	609	-	-
Sunflowerseeds oil, crude, non refined	1,982	1,973	1,976	1,917	1,742	1,685	1,518	1,516

Source: WJ ProZerno

**PSD Tables****Sunflower Seeds**

Oilseed, Sunflower Seed Russia	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Sep 2006			Market Year Begin: Sep 2006			Market Year Begin: Jun 2008			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Sep	
			Data			Data			Data	
Area Planted	6170	6170	6170	5200	5300	5300	5200	5680	6175	(1000 HA)
Area Harvested	5900	5900	5900	5000	5006	5006	5900	5450	5950	(1000 HA)
Beginning Stocks	246	246	246	314	314	314	286	91	126	(1000 MT)
Production	6750	6750	6750	5650	5657	5657	6700	6250	6650	(1000 MT)
MY Imports	10	10	10	10	10	10	10	50	10	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	7006	7006	7006	5974	5981	5981	6996	6391	6786	(1000 MT)
MY Exports	162	162	162	40	70	35	130	80	100	(1000 MT)
MY Exp. to EU	112	80	80	20	40	10	70	40	40	(1000 MT)
Crush	5980	5980	5980	5160	5240	5240	6041	5740	6080	(1000 MT)
Food Use Dom. Cons.	200	200	200	208	240	240	215	200	200	(1000 MT)
Feed Waste Dom. Cons.	350	350	350	280	340	340	310	290	250	(1000 MT)
Total Dom. Cons.	6530	6530	6530	5648	5820	5820	6566	6230	6530	(1000 MT)
Ending Stocks	314	314	314	286	91	126	300	81	156	(1000 MT)
Total Distribution	7006	7006	7006	5974	5981	5981	6996	6391	6786	(1000 MT)

## Soybeans

Oilseed, Soybean Russia	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Sep 2006			Market Year Begin: Sep 2007			Market Year Begin: Jun 2008			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Sep	
			Data			Data			Data	
Area Planted	850	850	850	900	780	780	950	700	750	(1000 HA)
Area Harvested	815	815	815	709	705	705	725	650	710	(1000 HA)
Beginning Stocks	22	22	22	22	19	19	19	14	24	(1000 MT)
Production	807	740	740	652	600	600	700	580	660	(1000 MT)
MY Imports	34	34	34	295	365	395	250	410	410	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	863	796	796	969	984	1014	969	1004	1094	(1000 MT)
MY Exports	16	16	16	5	5	5	5	15	20	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Crush	805	741	741	925	950	970	925	970	1045	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	20	20	20	20	15	15	20	0	0	(1000 MT)
Total Dom. Cons.	825	761	761	945	965	985	945	970	1045	(1000 MT)
Ending Stocks	22	19	19	19	14	24	19	19	29	(1000 MT)
Total Distribution	863	796	796	969	984	1014	969	1004	1094	(1000 MT)

## Rapeseed

Oilseed, Rapeseed Russia	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Jul 2006			Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Sep	
			Data			Data			Data	
Area Planted	512	512	512	570	660	660	650	640	700	(1000 HA)
Area Harvested	449	449	449	535	535	535	575	580	650	(1000 HA)
Beginning Stocks	21	21	21	78	78	78	78	35	50	(1000 MT)
Production	523	523	523	632	632	632	700	700	750	(1000 MT)
MY Imports	1	1	1	4	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	545	545	545	714	710	710	778	735	800	(1000 MT)
MY Exports	79	79	79	125	70	50	140	70	85	(1000 MT)
MY Exp. to EU	65	65	65	85	68	48	85	60	65	(1000 MT)
Crush	371	371	371	490	588	588	512	595	645	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	17	17	17	17	17	22	17	25	25	(1000 MT)
Total Dom. Cons.	388	388	388	507	605	610	529	620	670	(1000 MT)
Ending Stocks	78	78	78	82	35	50	109	45	45	(1000 MT)
Total Distribution	545	545	545	714	710	710	778	735	800	(1000 MT)

**Relevant Reports**

RS8059 Oilseeds and Products / August Monthly Update

RS8038 Oilseeds and Products / Oilseeds Annual

<http://www.fas.usda.gov/gainfiles/200806/146294825.pdf>